

*Summary Minutes*  
**Special Budget Work Session Meeting**  
**Friday, May 7, 2010**  
**2:30 p.m.**  
**Vultee Room Conference Room, City Hall Plaza**  
**106 Roadrunner Drive, Sedona, AZ**

1. **Call to Order/Pledge of Allegiance:** Mayor Adams called the meeting to order at 2:30 p.m.
2. **Roll Call:** Mayor Rob Adams, Vice Mayor Cliff Hamilton, Councilor Pud Colquitt, Councilor Nancy Scagnelli, Councilor Dan Surber, Councilor Mark DiNunzio and Councilor Jerry Frey.

**Council-elect present:** Barbara Litrell, Dennis Rayner, Dan McIlroy and Mike Ward

3. **Public Comment:** *Public comment on all budget items will be taken at the outset of the meeting. Each person commenting will have a maximum of two minutes. The entire period for the public comment will not exceed thirty minutes.*
4. **Work Session on City of Sedona budget for FY 2010-2011. The council may take action to give direction to the city manager regarding amendments or changes to the proposed city budget:**

- a. **Continuation of items not completed during the Thursday, May 6, 2010, 2:30 p.m. Special Budget Work Session Meeting.**

Alison Zelms stated Barbara Ashley handed out an updated budget summary. The capital improvement funds are displayed differently this year. The total capital improvement funds are \$2,927,144. We trend between \$2.5 - \$3 million a year in capital improvement projects. Last year Parks & Recreation completed upgrades to irrigation; drainage and field work at Posse Grounds, restroom upgrades, and improvement to the Jordan Park shed. We're working on Phase 1 of the Harmony/Windsong drainage project. The capital fund is now being funded through a transfer from the General Fund due to elimination of the automatic transfer of 17% of the local sales tax. Staff focused on utilization of Community Facility District and Development Impact Fee funds to offset the need for sales tax.

Objectives: continued improvements to Barbara Antonsen Park, rehabilitation of Sunset Park tennis and basketball court repair, recycling containers for park facilities, Jordan Historical Park restoration.

**a. IT Capital - \$114,500**

The number of IT Capital Projects recommended for funding has decreased. Some non-major projects have been moved to the General Fund operating budget.

*Mayor Adams opened it to the public at 2:40 p.m., not seeing any, he brought it back to Council.*

IT Manager John Smith stated many of our projects relate to infrastructure needs. We generally get a three-year maintenance agreement for all computers but keep them in service for 4-4.5 years. So refreshers appear every year as we rotate through different departments. We'll do an aerial update, which is part of our GIS. The police department has several projects which they're

planning or hoping will be grant funded. The police department needs to replace its security, it's out of date. We'll be looking at implementing a data-sharing system which will allow local law enforcement agencies to query the Sedona database for vehicles, wants, and warrants that we might have in our system. We use a storage area network. It's been in place for close to five years and has been discontinued by the vendor. They're offering a new one with a five-year maintenance. The mayor's computer would get a refresh, four new ones in IT, and a laptop in the city attorney's office. Then there's a file server replacement at the Wastewater Plant. We have the Wastewater Plant and Posse Ground Park connected to the city server. We'd like to replace those and keep those covered under the maintenance contract. An objective for next year is to take advantage of our virtual communication and add more memory which will allow us to eliminate physical servers. We had two licenses and they're approximately \$8,000 each. The Anti-Virus, Anti-Spyware system the city had been using reached its end of life in mid 2009. We'd like to replace that with a newly licensed, graded upgradable package. We've replaced it with one that doesn't update very well. We'd like to get something that can support an organization. We are doing backups, but the version we had has been discontinued. There are several upgrade paths available from that version; we can get much better compression of our data if we can get a newly licensed and supported version. In the Vultee Room and Council Chamber, meetings are recorded. As a backup to the digital recording, there's an audio tape device that records. There are digital alternatives to that that are more reliable and can hold much more. There have been many requests from city staff to replace tape with a digital recorder. We shop around to try to get the best price. We'll get quotes. Anything that gets in the \$5,000-\$10,000 range, we'll get three quotes. For many projects we estimate what the cost will be. To get precise numbers could be considerable effort. He bases the estimate on current information, so there might be additional tax or shipping or minor installation costs.

Councilor Frey asked if the \$8,000 for the sound is necessary for this year.

John stated no, it's not necessary. The tape devices continue to record all meetings. We continue to buy audio tapes that aren't that expensive, though CDs are cheaper.

Councilor Frey stated if it doesn't have to be done this year, he'd like to push it off a year. We have to deal with the 1% sales tax so we have to be real conservative.

Andi Welsh stated we have tape decks in Vultee and the Chambers. It's very archaic. Tapes are getting more expensive because it's very archaic. We'd like to get to newer technology that can provide a backup and get us into the 21<sup>st</sup> Century.

Councilor Scagnelli stated we talked about this last year too. It's probably time to do it. We do need to be very conservative though so maybe there are other things we hold off on. She's good with it.

John stated we could cut it in half and do a replacement in the Council Chambers and put the Vultee off another year.

Councilor DiNunzio asked if the funds exist in the capital fund?

Alison Zelms stated they exist in current revenue. We have the funds and we anticipate having the funds.

Councilor DiNunzio asked how much is in the capital fund?

Tim Ernster stated the total capital budget recommended for next fiscal year is \$3 million. We have a reserve of about \$3 million and none of that is appropriated in this budget that would stay there. Every project you see here is part of the balance budgeting. If there's something Council wants to take out that would increase the reserve or use it somewhere else.

Mayor Adams stated we could also eliminate something else.

Councilor DiNunzio stated if the equipment improves efficiencies and is positive for the operation then it's worth doing if the funds are there.

Tim Ernster stated the funds are there. Very often we have to stop the meeting so they can change the tape. And the same thing to go into executive session. That's one reason for doing this.

Councilor DiNunzio asked if the tapes are reliable.

Randy Reed stated we've had meetings that were not recorded because of issues with the system.

Councilor Colquitt asked do you need it: yes or no.

Tim Ernster stated we wouldn't put it in here if we didn't need it.

Councilor Colquitt stated ok, she's fine.

John Smith stated we've all seen ceiling-mounted projectors in meeting rooms. He suggests we upgrade the projector and provide a laptop that can be used with it. He's investigating options that would allow us to mount a projector on the ceiling that wouldn't exceed the budget request.

Councilor Scagnelli asked what's better about what you're budgeting for if it's not ceiling mounted.

John stated it'd basically be a replacement for the current projector. He's investigating possibilities that could be mounted on the ceiling.

Vice Mayor Hamilton asked what it takes to get a ceiling mount.

John stated you mount the projector in the ceiling then run cables to get it to the computer. It would be difficult and expensive to run cables in the Council Chamber. Until recently it was hard to find wireless for it.

Vice Mayor Hamilton stated rather than spending this on something that would replicate the same problem, he'd rather try for the ceiling solution.

Tim Ernster stated we could replace the tape recorder in just the Chamber and use the excess funds to get the ceiling projector.

Vice Mayor Hamilton asked if the technology is too new to do the job good enough.

John stated we haven't gotten official quotes in installing a projector in the ceiling, but for the amount Tim Ernster suggested he's confident we can get a solution.

***Mayor Adams stated that'd be his preference. Council agreed.***

John stated we're going to update the GIS system.

Director of Public Works Charles Mosley stated on page 242 under item F, there's a summary of the various options. The recommendation is item 3. After the completion of the SR 179 project, we'd be looking to update those sections in the aerial in order to make it more usable when we're analyzing slopes, contours and things like that. The whole city aerial would be \$39,000 and if you include the wastewater plant it'd be \$45,000.

Mayor Adams asked if the \$18,500 is in the budget.

Charles stated yes. He's not suggesting just a contour or an aerial.

John stated there are maps available for sale in the Community Development department. He can't say what the volume is. They sell them on a regular basis.

Alison Zelms stated it's less than \$5,000 a year.

Dan McIlroy asked if Council approves all your funding requests, would your request be much smaller because of the five-year life span.

John stated probably not. New projects and new requests come up throughout the year, like the computer refresh program. We have other maintenance update systems that need to be replaced.

Councilor Scagnelli asked what do we do with our used computers.

John stated we auction them off through a public service web site.

John stated the last section is of projects that were submitted but not funded for different reasons.

Tim Ernster stated we're working toward a more formalized capital budget which sets higher limits for capital projects. In the past smaller dollar items have worked their way into the capital budget. It's not a perfect system yet, but next year we hope to refine that further.

Alison Zelms stated the last three projects were only approved if we get the grant funding, the COPS technology grant.

Councilor Frey asked how are you getting rid of your paperwork.

John stated we try to create as little paper as possible. We're not shredding it manually.

## **b. Art in Public Places Fund - \$125,000**

Alison Zelms stated the fund this year is planned to be used for art in the roundabouts.

Ginger Wolstencroft stated we appropriated \$125,000 this year, most is for art in the roundabouts. We have a small expenditure for our Mayor's Arts Awards.

Mayor Adams stated it's \$100,000 for art in two roundabouts.

Councilor Scagnelli stated on page 266 what is the \$50,000 for next fiscal year?

Ginger stated it will be the installation of the art work which won't be until fall 2011. We don't pay the artist the full amount out front. Currently there's \$100,000.

Dan McIlroy asked if the artist and the object of art has been selected and completed.

Ginger stated the deadline for proposals is June 4. We won't have the awarded contract come to Council until this fall. The theme is based on the belief statement of the Art & Culture Commission.

**c. Development Impact Fees Fund - \$1,309,500 and Community Facilities District Funds-Summit: \$132,250, Fairfield:\$348,860**

Alison Zelms stated none of these appropriations is more than what we have on hand. Staff anticipates completing several major capital projects that are eligible for Development Impact Fee and CFD funding.

Vice Mayor Hamilton stated on page 131, there's a \$100,000 Parks & Recreation master study. That one has a real opportunity to use a local committee group to work on that. Acquiring land or whatever are a happenstance, the ability to plan for it in an extensive way is non-existence. On page 132 and 134, \$15,000 for a creek walk, what are those? Didn't we put that to bed?

Andi Welsh stated this request is for a master plan. When she came over P&R two years ago we had no plan. Staff doesn't have any direction about what the community wants for P&R, so it's been a challenge that there's no guiding document.

Mayor Adams asked couldn't we put a taskforce together?

Andi stated you need more input than just those on the taskforce. We need surveys and public meetings. There needs to be broader input.

Councilor Scagnelli stated when it comes time to put a park somewhere it's going to be controversial. She knows what Vice Mayor Hamilton is saying, but if you don't have something in place saying the community gives you approval it's a storm, so she thinks the idea of a master plan is a good thing.

Tim Ernster stated they'll also look at what might be included in the park when it's developed. It might identify deficiencies in existing parks. It's a comprehensive look at all recreational amenities current and future.

Councilor DiNunzio asked if they've looked at what kind of resources are out there and what kind of reports are available? What does the \$100,000 get you?

Andi stated right now consultants are hungry for work. She's called P&R organizations around Arizona. If we go forward with an RFP she'd work with the commission for something broad enough. The city is 21 years old and we never had a master plan. We don't know if the community just wants open space. It's hard to determine what they want without a guiding document. There would be a public process involved. A taskforce isn't going to encompass the whole community.

Barbara Litrell stated with the community plan calling for public input in the next year, it might be confusing what we're asking for. Is there any other work we could be doing rather than calling to the public for this right now?

Vice Mayor Hamilton stated Andi made the perfect case for why the master plan won't take us anywhere. Parks we have now we inherited by circumstance. Land is so restricted in this city, if we were sprawling subdivisions around us like cities often do that would make perfect sense, but that's not what we're doing here. We can't plan for where the next piece of land would come from. He favors the taskforce approach. \$100,000 for this endeavor for a city our size is too much.

Mike Ward asked why this is a critical priority this year. He's not a big fan of consultants. He'd rather see a concrete proposal put together toward the end of the fiscal year showing this is what we want; this is what we're buying.

Andi stated for the last two years the department has undergone a massive transition. There were different priorities, but this has shifted. We've turned the program around. Now that we've become a grownup we don't know what to do next.

Mayor Adams asked if we could use this money for the parks improvements that we're presently doing. He's tending to go with Vice Mayor Hamilton with this.

Alison Zelms stated it depends on the project you're doing. They're Development Impact Fees.

Vice Mayor Hamilton stated he doesn't want to do something ill-advised no matter where the money is coming from.

Andi stated she wants the plan to be developed for the next 10 years.

Vice Mayor Hamilton stated our preferences change on a regular basis.

Councilor DiNunzio stated within city limits there's an abundance of Forest Service land. If the community identified they want an open space park, land could be available to develop something that could never be developed waiting for someone to give us private land.

Barbara Litrell stated she hopes we can use the community plan process parallel to this.

Mayor Adams stated the purpose of DIFs fits the purpose of this expenditure.

Councilor Scagnelli stated we have 400 acres at the Treatment Plant, if the community identified needing fields. A master plan would help with identifying if we do need more fields.

Tim Ernster stated we could leave the money in the budget but request staff return to Council with a more detailed proposal of the master plan.

Mike Ward stated Alison Zelms led him to believe the only thing DIFs can be used for is a consultant plan.

Alison Zelms stated you can use DIFs for a plan, but you can't use them for any capital project. You can't use them for say, re-facing a building. You can use them for making a new building.

Mike Ward stated he'd like to see concrete thought on where our priorities are before spending \$100,000.

Alison Zelms stated that would be that plan.

Mike stated how about something more comprehensive saying this is the first step.

***Mayor Adams stated let's leave it in the budget and P&R will bring back a more comprehensive plan.***

Vice Mayor Hamilton stated he'd like to see it cut to \$50,000 because \$100,000 seems too much.

Alison Zelms stated if you look at page 133 and 135, it used to be the column we used for the Creek walk; we just didn't change the title of it. That was a mistake.

Andi stated P&R wants to request \$100,000 with funds from DIFs for improvements to the community pool at Posse Grounds in addition with money from the school district bond project.

Councilor Colquitt stated she doesn't like late hits. What does staff think?

Tim Ernster stated he agrees. If this isn't in your book, then we shouldn't consider it. This should have come in in January/February. He'd assume not putting it in the budget at this time. He doesn't even know the school district's schedule for improving the pool. These would come out of DIFs, and there may be some things in here that don't qualify for DIFs, we would have to be very careful.

Councilor Scagnelli asked if the school bond money is going to increase the pool to an Olympic size 8-lane pool?

Andi stated yes, they have extra money because their construction costs are down.

Tim Ernster stated as we get further into this new fiscal year, if the pool becomes a greater priority than the master plan, you could use the \$100,000 for the pool.

***Council agreed not to include an extra \$100,000.***

Alison Zelms stated according to our purchasing manual, anything that's more than \$50,000 has to go to Council for approval. You set the budget, but you'll be seeing some of them again to get final approval.

Andi Welsh went over the projects on page 139, park projects. The first item is for recycling containers in the parks. We currently don't have any. The next project is Barbara's Antonsen

Park. That will come back to Council to approve an award of bid. The Sunset Park tennis and basketball court repair. The facilities are unplayable. Public Works will manage that project to get the courts replaced. We received a grant to retrofit the lighting at Posse Grounds. The \$93,000 is in the grant, but we need to contribute \$30,000. Last August the commission received requests from the youth to convert the skate park to allow bikes in the facility. Staff would like a professional engineer certify a design to allow for bikes. This would provide the funding to do that. If Council decides to allow the shared use it will triple our insurance premiums for the facility. The \$50,000 is an educated guess, not knowing if we'd have to make modifications. They're waiting for us to get back to them on what we're going to do with the facility. About 30 parents and kids came to a commission meeting.

Councilor Colquitt asked when the insurance would triple.

Andi stated it'll probably be thousands of dollars. They don't like shared facilities; they want you to build a new facility.

Councilor Colquitt stated she doesn't want to do it. She can't see skateboarders and bikes together. Who's going to manage this?

Councilor Scagnelli stated she's sure they're doing it anyway. She'd go forward with looking at that. Anything that gets kids outside doing something rather than sitting inside all day, she's for it.

Dan McIlroy asked how many recycling containers we would get for \$15,000.

Andi stated maybe 4-5. They're expensive because they need to be animal-proof and non-typical.

Councilor DiNunzio asked if the skateboard park is recreational or does it cause problems. He's heard parents who want to keep their kids away from there.

Andi stated it depends on who you ask. Last summer we had a huge success because the Student Resource Officer spent a lot of time at the park.

Councilor DiNunzio stated so if it's effectively managed kids will come to skateboard.

Andi stated it's hard to say because we don't operate the Teen Center and they're not under obligation to enforce the rules of the skate park. She's not proposing building a new facility.

Councilor DiNunzio stated residents asked for a bike park. We thought NAUs design would be for a combined facility. It came back with a new facility. We don't know if we have space for it somewhere. We don't know if the design would meet engineering standards. What's your thought about spending hard money to authenticate a design we don't have a place for.

Andi stated we'd only pay to have an engineer look at our current plan. They're not authenticating the NAU design. The insurance company frowns on bikes and skateboards mixing.

Vice Mayor Hamilton stated he was at that hearing the other day. He was skeptical of the notion of mixing bikes and skateboards. The kids there testified that they can be compatible.



Andi stated if the opinion from the engineer is it doesn't work; she'll bring that back to the parents.

Mayor Adams stated we can at least do this for the kids.

***Council agreed to leave it in the budget.***

Andi stated she'd like to make Sunset Park grassy area usable for kids. They need money for fencing and to get rid of rocks. It'd be a benefit without building a new facility.

***Council agreed.***

Andi stated in 2004 we paid a consultant to assess Jordan Historical Park. The RFP is ready to go. They've been waiting for it for 6 years. It's going to add AC.

Mayor Adams asked if there's money coming out of anywhere besides DIF?

Alison Zelms stated just the CFD.

**General Services Capital improvement related projects**

Alison Zelms stated we have some contingency if we have to plow SR89A in the switchbacks. We'd always talked about withholding funds for the future debt of 179, Chapel sewer and Harmony/Windson. We're looking at getting a \$100,000 energy efficiency grant. They told us our solar project isn't competitive for the grant they're distributing. We've discussed submitting two different grants. We're looking at trying to do some motion sensors for lights and some other weatherization type projects at City Hall. The \$114,500 is the transfer for the IT fund that we discussed at the beginning.

Alison Zelms stated we're going to be having a debt service pick up in the capital fund because we bonded for 10 years for the sewer, SR179 and the Harmony/Windson drainage. We're going to hold back funds each year so we don't use all our funds now and have a smaller capital fund in the future.

Dan McIlroy stated aren't we paying over \$6 million in interest a year.

Alison Zelms stated no, we're paying \$6 million in principle and interest.

Alison Zelms stated the transit capital is the city's 20% we owe on the 80/20 match. NAIPTA wants to purchase two hybrid electric buses to replace two existing trolleys in the Roadrunner, rebranding the vehicles to be more in line with the tourism industry, and upgrade equipment to improve security.

Mike Ward asked if the \$280,000 is an obligation we have as part of our funding agreement.

Alison Zelms stated NAIPTA has applied for funds for these projects. Those funds pay for 80% of the project and we have to put up 20%. We don't owe on the trolleys.

Vice Mayor Hamilton stated so this is tied into our decision on what to do with the Roadrunner. Buying this one puts us deeper into that hole. He'd leave it there as a placeholder and ask Tim to come up with other options of capital projects we need to do. When we work this over on June 10, the existence of the Roadrunner will be in question.

Councilor DiNunzio asked if we have veto rights. Are some of these decisions that NAIPTA makes, do we have agree?

Alison Zelms stated we have to agree to fund it.

Mayor Adams stated this lets NAIPTA put a placeholder on hybrid electrics. That's something the new Council needs to discuss. If we put this in a contingency we can make the decision on whether the hybrids are the way to go. We don't have to spend this money.

Vice Mayor Hamilton stated the new Council needs to work on the Roadrunner issue. That issue is very much up in the air. We can put this in contingency and have other things in mind to use it for. He's sure there are capital needs that are crying for things around town.

Mayor Adams stated we can leave it in the budget or take it out.

Barbara Litrell stated she'd leave it in for now.

***Council agreed to leave it in for now.***

### **Public Works Capital Projects**

Mayor Adams stated Council committed to doing Harmony/Windson projects; do we need to go through each one of these? We don't need to.

Charles Mosley stated the Posse Ground intersection cost is the city's participation for the SR89A overlay. We asked to improve the Posse Ground intersection. There's a hump in the road that throws you to one side. Several years ago we discussed trying to restrict the movement of traffic on Posse Ground Road. They including things such as redoing Carruth, putting in speed bumps, changing speeds, which we've done. We also put in that project some paving on Mountain Shadows. When we looked at the Posse Ground improvements which include a right turn and a right-in, right-out, we put in \$150,000. He recommends a total project cost of \$344,000. Some of that is being paid in the current fiscal year. There's two intergovernmental agreements. One will be before Council on May 11.

Barbara Litrell asked which part ADOT is paying for the improvements.

Charles stated the city is paying for things it asked to be done. ADOT will overlay the road and make improvements to the sidewalk. If we included our requests in its project, we get design. We pay \$150,000 for the right turn lane, which would normally cost more. It will leverage our cost by including our issues in their project.

If we don't do the right-in, right-out it would decrease our costs, but we'd still have a high accident area.

Dan McIlroy stated he received a three-page letter from the veterinarian complaining that her business will be destroyed.

Charles stated she believes because people won't be able to make a left turn onto or out of Posse Ground Road to go to her business that they won't go. That will be a Council decision.

Mike Ward stated we keep piece-mealing more projects onto SR89A. He's sorry we don't have a vision for how we want the road to look.

Charles stated this is a maintenance project. The road is old. When you make a major improvement, you need to take into account ADA compliance with the sidewalks. It's something that's convenient to do now. If we let ADOT do the overlay, then we do it a few years later.

Councilor Scagnelli stated the intersection has needed improvement for a long time. She remembers having discussions with Eric Levitt of making it right-out only, but that you could go left in.

Charles stated we discussed everything. It's a safety issue. He'll discuss more on May 11.

Dennis Rayner stated this will impact neighborhoods around there.

Charles stated in respect for time, he can talk about this on May 11. There is some neighbor support.

Councilor Colquitt stated she doesn't have an objection to it. That's her vet and she'll continue to use it. It's a huge safety issue.

Alison stated the last project is the police vehicle purchase. The \$68,000 is for two vehicles.

#### **P.A.N.T. Fund**

Alison Zelms stated it's the dollar amount we have to allocate to have our police officer paid by that fund. It's page 127. The only thing that's in this year is the salary for one officer paid for by the grant.

Barbara Ashley stated it pays for one complete officer and the overtime of another officer.

Alison Zelms stated it's a Burn Justice Grant; this is the portion we have to appropriate in order to make the expenditures and be reimbursed.

#### **Wastewater Fund**

Mike Ward stated is there a reason why insurance benefits aren't in the general services fund for the wastewater?

Alison Zelms stated because it's a separate fund.

Dan McIlroy asked if the postage is mailing out the bills.

Alison Zelms confirmed.

Alison Zelms stated the fund is broken into Administration, Plant Operations/Debt Service, Plant Administration and Annual Debt Service.

Vice Mayor Hamilton asked if the budget will help keep up the maintenance. We did that years ago and got ourselves in trouble.

Charles stated he's confident the budget is adequate to not let things slide. There's some capital that addresses some of those needs.

Charles stated any upgrades to A+ would be under capital.

Councilor Frey stated on the salaries on the administrative side and the plant, how are they split up? Is Pat Livingstone under administration?

Barbara Ashley stated it includes finance, anything that has to do with it and the plant stands alone.

Dan McIlroy asked if there are still 11 employees.

Charles stated we're down a lab assistant. It's vacant.

Councilor DiNunzio stated under wastewater administration, the administrative salary includes allocation of management staff from the general fund?

Alison Zelms stated it's the portions of their salary that they use their time for wastewater.

### **Wastewater Capital projects**

Charles Mosley stated we're ending several of the major projects like the Chapel project. It's showing a continuation of the recharge project. That will continue depending on how Council decides in the study phase. Council approved to upgrade the drying beds, to be under construction next year and you see allocation for that. We should complete that construction next year. The Northview pump project will be out to bid soon. It's basically one of our worst pump stations from a maintenance standpoint.

Mayor Adams asked if Chapel sewer came in under budget.

Charles stated he expects it will be slightly under budget, but he needs to get the final numbers from Tiffany Construction.

Mayor Adams asked where the fire hydrants are in the budget.

Alison Zelms stated it's in the capital fund; we already covered it in the Public Works section. They are fire hydrants throughout the city that we work with the fire district with and then fund them.

Mayor Adams asked about the treatment recharge project?

Charles stated WEDLU will present a number of options and suggestions for future direction. The cost here is moving ahead with exploring design parameters for wetlands and injection. This would be the first phase of that.

Mayor Adams asked if much of the money will be spent on studies.

Charles stated a lot of it will if you decide on this direction.

Dennis Rayner asked how is it possible the plant operated the years it has without protection from power surges. Have we been lucky?

Charles stated he doesn't know whether there's been an adjustment in the APS system or age of equipment.

Dennis asked how come we haven't addressed this issue before now.

Charles stated it hasn't been a great issue before. We're starting to see it. We've had several incidents in the past year that we haven't had in the past. We're exploring with APS to protect our system.

Vice Mayor Hamilton asked that the title of the recharge project be changed to reuse project. It's way more than recharge.

Charles stated we've been referring to it in the report as effluent management because that encompasses the whole range.

Councilor DiNunzio stated there's \$10,000 proposed for land acquisition, is that accurate?

Charles stated we were looking at easements; it's not at the plant facility.

Councilor DiNunzio stated he's looking for details showing the revenue anticipated for the year and the operating and the maintenance relative to revenue. Are we going to be operating in the black? We have \$9.9 million and our operating and maintenance is \$12.1 million.

Alison Zelms stated the difference there is usage of the reserves and repayment of the bonds which was always the plan.

Councilor DiNunzio stated there's \$9.9 million coming in and what's the cost of operations?

Alison Zelms stated it's about \$2.5 million if you look at administration and operations. The administrative is \$515,000 and the plant operations budget is \$2 million. Then you have the construction budget and the debt service making up the difference.

Councilor DiNunzio stated so there's \$6.5 million available out of the funds coming in. There's \$9.9 million coming in and \$2.5 million goes out.

Alison Zelms stated and \$6 million to debt service and \$3 million to construction budget.

Dan McIlroy asked when the Chapel will be finished?

Charles stated the construction is done basically. Now we'll send the documents to ADEQ. We're hoping they approve them within a month or two so we can send things to the residents around August. That's contingent upon ADEQ, which is suffering manpower issues.

Barbara Litrell asked if all the \$68 million in debt is related to sewer projects.

Alison Zelms stated no, but the majority is. There's debt service coming from the General Fund, that's for the purchase of City Hall.

Mike Ward asked if we'll see sheets of changes that have been made over the last three days.

Tim Ernster stated it might be good to get together on May 12 to go over all the changes made up to this point, or we could send it out.

Mayor Adams stated we have time blocked off for 4:30 p.m. on May 12.

Tim Ernster stated it shouldn't take long.

Councilor Frey stated he won't be here, and Vice Mayor Hamilton stated he won't be here.

Mayor Adams stated why don't we meet.

Vice Mayor Hamilton stated last year when we passed it was \$44 million. So we're talking about a \$14 million difference?

Alison Zelms stated yes.

**Items not completed at this meeting will be carried over to a future meeting.**

- 5. Upon a public majority vote of the members constituting a quorum, the Council may hold an Executive Session that is not open to the public for the following purposes:**
  - a. To consult with legal counsel for advice on matters listed on this agenda per A.R.S. §38-431.03(A)(3).**

**Following any discussions in executive session of the above matter, the City reserves the right to discuss and/or act on any of the above listed legal matters in open session.**

- 6. Return to open session. Discussion/possible action on executive session items.**

- 7. Adjournment:** Mayor Adams adjourned the meeting at 4:59 p.m. without objection.

**I certify that the above is a true and correct summary of the Special City Council Budget Work Session held on May 7, 2010.**

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Alison Carney, Recording Secretary

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Date